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ARMADALE COMPANY LIMITED

1110 CANADA PERMANENT BUILDING

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CABLE ADDRESS
"ARMADALE"
TORONTO

TELEPHONE
364-9483

June 24th, 1964.

Mr. H. R. Hansen, Secretary,
The Ontario Commission of Taxation,
88 University Avenue,
Toronto 1, Ontario.

Dear Mr. Hansen:-

I would like to bring to your attention a relatively minor administrative point having to do with the settlement of balances of corporation income tax outstanding, following assessment by the provincial authorities.

My point is simply this; if, when assessment is finally made, a balance appears in favour of the province, this amount is of course payable forthwith by the tax paying corporation, together with various penalties, interest etc. (computed in accordance with a formula which I must confess I have personally never quite understood). If, however, the assessment showsa small balance in favour of the taxpayer, this amount is not refunded promptly in total by the provincial authorities, but rather some arbitrary proportion of it is re-funded, and the balance is carried forward for the credit of subsequent tax years.

This procedure strikes me as being distinctly improper. It is not open to a taxpayer to underpay his taxes in a particular year, because he believes that assessment of some earlier years will reveal a balance in his favour, and by the same token, it should not be open to the provincial authorities to retain funds because they believe that assessment of some future year, as if and when they make it, may reveal some balance in their favour.

It seems to me that the provincial authorities should deal with each tax year as a separate transaction to be settled promptly either way as soon as assess-ment is completed. This of course is the procedure followed by the federal authorities, and it seems to me to be altogether more equitable, practical, and administratively convenient.

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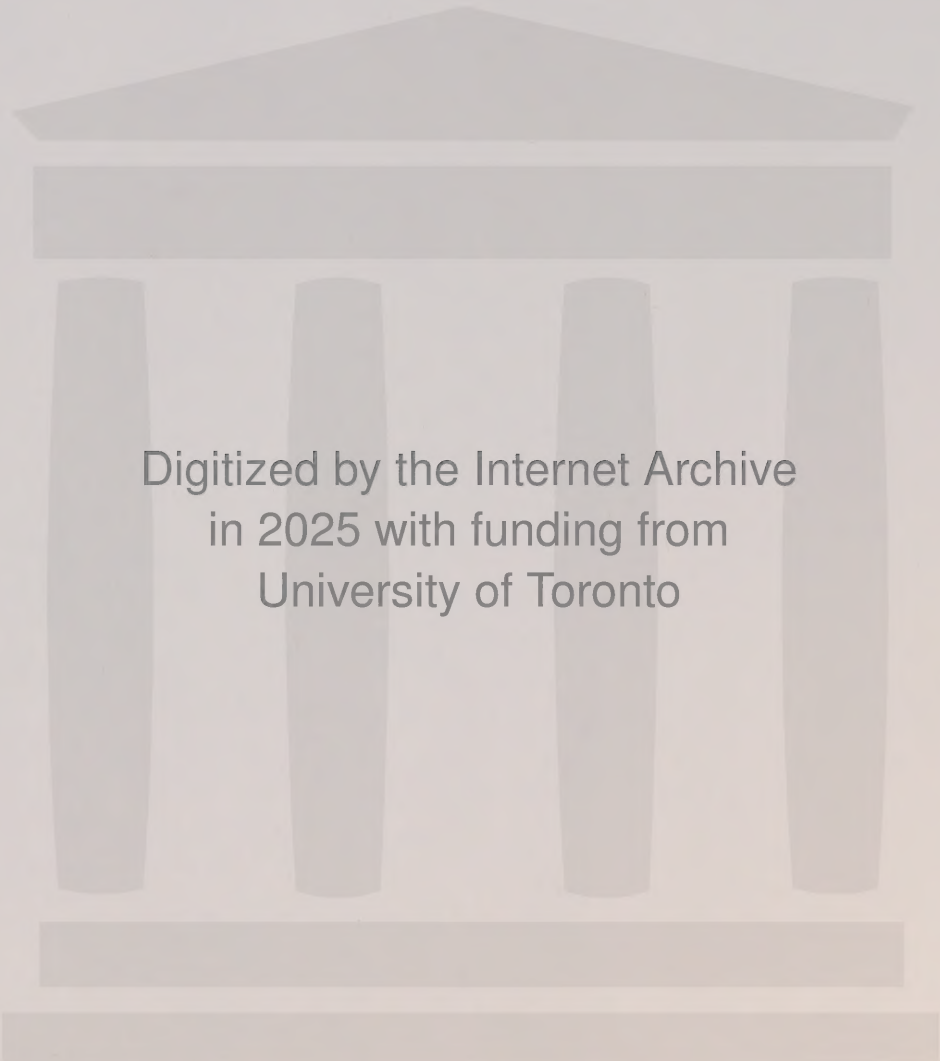
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In all fairness, I think I should add that so far as I am personally concerned, I have met nothing but courteous co-operation from the provincial authorities, and I must admit that if one is prepared to spend enough time on the telephone, it is possible to pursuade the provincial authorities to remit the entire amount of any credit balance following assessment. I still feel, however that the standard procedure should be to remit credit balances in full immediately they have been determined, and that it should not be necessary for the taxpayer to have to make special representations in order to obtain this.

I am not sure whether an examination of the tax records of this particular company will reveal this particular problem; we have however bumped into it with other companies in our group. One company which I particularly remember as having had this trouble is a wholly-owned subsidiary of ours, Transcanada Communications Limited.

Faithfully yours,

ARMADALE CO. LIMITED

per:

T. A. Cookson,
Secretary-Treasurer.

TAC:MH